

GED 2002 Teachers' Handbook of Lesson Plans

Area/Skill - Mathematics	Cognitive Skill Level - Analysis	Correlation to Framework - 05.09/05.16	Lesson Number - 22
<p>Activity Title - Do Deductibles Matter?</p> <p>Goal/Objective</p> <p>To evaluate insurance benefits and costs.</p> <p>Lesson Outline</p> <p>Introduction</p> <p>Most people have many different types of insurance. People may have insurance policies for their car, automobile, life, health, boat or even for themselves personally such as disability or liability.</p> <p>Activity</p> <p>Have students discuss the many different types of insurance that are available. Discuss that insurance varies both in price and in coverage. Have the students brainstorm some of the reasons that the cost of insurance may be different for different people. Sample answers may include: a person's driving record, a house that is in a flood zone, differences in insurance companies, coverage amounts, deductibles, etc. Provide students with copies of the handout to read.</p> <p>Bring in sample automobile insurance ads that list premium costs and deductibles. To help students understand one of the differences in insurance cost, have them compare and contrast the different automobile insurances by computing the differences in premiums when different deductible amounts are involved. Divide the class into small groups and have them calculate differences in cost based on insurance premiums and deductibles.</p> <p>Debriefing/Evaluation Activity</p> <p>Have students discuss whether higher premiums are worth lower deductibles. Write down their ideas on the board.</p>			<p>Materials/Texts/Realia/Handouts</p> <ul style="list-style-type: none"> • Handout - Auto Insurance Basics • Paper and pencils • Sample insurance ads • Newspapers
			<p>Extension Activity</p> <p>Have students research advertisements for the lowest insurance prices and bring them to class. Have the students discuss whether the lowest price is always the best value. Have them explain their answers.</p>
			<p>ESE Accommodations</p> <ul style="list-style-type: none"> • Highlight important information in reading assignments. • Provide the student with a checklist of activities to complete. • Ask students to paraphrase key points in his/her own words.
<p>Real-Life Connection</p> <p>Since most people have some type of insurance, it is important to be a wise consumer. Have students compare and contrast the costs of insurance from different companies. Students may wish to compare the cost that they pay for automobile insurance with other students in the class. Have them discuss some of the factors that may influence the cost difference.</p>			

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Area/Skill - Mathematics	Cognitive Skill Level - Synthesis	Correlation to Framework - 05.09/05.16	Lesson Number - 22
<p data-bbox="58 224 617 256">Activity Title - Do Deductibles Matter?</p> <p data-bbox="58 289 235 321">Introduction</p> <p data-bbox="58 354 2024 487"><i>Ask:</i> How many of you have insurance of some type? Have the students brainstorm all of the different types of insurance that exist such as flood, liability, automobile, house, health, etc. Write down the students' answers on the board. <i>Ask:</i> Why do we have insurance? Sample answers may include: for lawsuit protection, in case we get sick, to protect us from disasters such as fire, floods, etc. Discuss the importance of insurance as a protection against many different unforeseen catastrophes.</p> <p data-bbox="58 519 243 552">Main Activity</p> <p data-bbox="58 584 2011 685"><i>Say:</i> An insurance that most people have is auto insurance. However, even though most of us in this room have automobile insurance, the cost of one policy to another is very different. <i>Ask:</i> Why is the cost of automobile insurance so different from person to person? Sample answers may include: because of the coverage, the type of car insured, a person's driving record, the age of the car, etc.</p> <p data-bbox="58 717 2018 818"><i>Say:</i> One reason automobile insurance varies in cost is that most auto insurance generally contains a deductible. This is the amount of money you must pay when a covered repair is done to your vehicle. Deductible amounts vary, but the most common amounts are \$100, \$250, \$500 and \$1000. Today, we will compute a sample premium and decide if the deductible is worth the charge.</p> <p data-bbox="58 850 1982 919">Provide students with sample advertisements that list insurance premiums and the deductibles. Have students figure the savings from the lowest deductible of \$100 to the highest deductible of \$1,000.</p> <p data-bbox="58 951 2011 1019"><i>Ask:</i> Is paying a lower insurance premium worth a high deductible? Have students discuss reasons for getting different types of premiums based on an individual's needs. Write their responses on the board.</p> <p data-bbox="58 1052 340 1084">Closure/Conclusion</p> <p data-bbox="58 1117 2018 1185">Review that an important part of being a wise consumer is to compare and contrast items that one wishes to purchase. Have students research different insurance companies for the best coverage for their own circumstances. Have students read the handout on automobile insurance.</p> <p data-bbox="58 1218 470 1250">Follow-Up Lessons/Activities</p> <p data-bbox="58 1282 2028 1383">Since most people have some type of insurance, it is important to be a wise consumer. Have students compare and contrast the costs of insurance from different companies. Students may wish to compare the cost that they pay for automobile insurance with other students in the class. Have them discuss some of the factors that may influence the cost difference.</p>			

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Auto Insurance

THE BASICS



What is auto insurance?

Owning a car involves several risks. When a car accident occurs, people may be injured and vehicles (or other property) may be damaged. Damage can also occur through theft, vandalism, or natural disasters. Auto insurance can protect you against these risks. Insurance companies provide auto insurance through personal auto policies (PAPs). A PAP is a contract between you and your insurer, specifying each party's rights and obligations. Essentially, your insurer promises to provide specific coverage for you in return for your payment of a premium.

Why do you need it?

All states require you to be financially responsible when driving a car. Depending on your state, you may be required to purchase auto insurance or post a bond. State law (and/or your lender) often requires you to purchase at least a minimum amount of auto insurance. You may find it prudent to purchase greater coverage, however, in order to protect your auto investment, pay for necessary medical expenses, cover your legal liability, and cover any additional losses related to driving. Consider the following: if you cause an accident and the other driver suffers damages over and above your insurance limits, your personal assets and future earnings may be put at risk.

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What do you need to know?

First of all, you need to know how to read and understand an auto insurance policy. Next, you'll want to balance cost against desired coverage. Finally, you should evaluate and compare the various car insurance products to ensure that you get the best deal possible.

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- **Understanding your PAP**

Your policy is broken into sections. It discusses types of coverage, rights, and obligations under the policy, and exclusions or limitations. Types of coverage include liability coverage (injuries/damage you cause to other people and other property), medical payments coverage (medical expenses that will be paid--up to a specified limit--regardless of fault), uninsured/underinsured motorist coverage (losses caused by a driver who is uninsured or has inadequate insurance), and coverage for damage to your auto (accident damage and other damage or loss).

- **What is a deductible?**

Regarding damage to your own auto, collision and comprehensive coverages may each include a deductible. A deductible is basically a risk that is self-insured. It's an amount of money that you are required to pay before your insurance kicks in. Deductibles can come in any dollar amount, but are generally \$100, \$250, \$500, or \$1000.

- **Coverage vs. cost**

You need to balance coverage against cost. Choosing the appropriate level of coverage depends on a number of factors, including the value of your vehicle, the value of assets you must protect, the amount of money you can afford to pay out-of-pocket, and your tolerance for risk. If a claim against you exceeds your coverage limits, you will be personally responsible for the amount that exceeds the coverage. Your insurance agent can tailor the policy to your needs. To arrive at the cost of your premium, your insurer will consider the coverage levels you select and will use statistical information about you and your car. There are several ways to reduce the cost of your premium.

- **Evaluating and comparing coverages**

Before purchasing auto insurance, you should evaluate and compare the various products offered to ensure that you get the best deal possible. Compare policies in terms of price, coverage, exclusions, and reputation of insurer. Shop around for different quotes, but make sure you are comparing similar policies. Also, weigh the policy cost against both coverage and quality of service provided.

When to get it

You may need to purchase auto insurance whenever you buy a new or used car. You may also need to reconsider your present policy if your family situation changes. Because marital status, number of children, and asset levels may change over time, you should review existing policies from time to time to ensure adequate coverage.

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